Michael P. Morris, Chairman
Kevin S. Carter, Director

MINUTES OF THE MEETING OF THE SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION BOARD OF TRUSTEES

DATE: DECEMBER 19, 2006

PLACE: SALT LAKE CITY, UTAH

ATTENDING:

	BOARD	STAFF
	Michael P. Morris *	Kevin S. Carter
	John Ferry *	Elise Erler
	James Lee	Dave Hebertson
	Gayle McKeachnie *	Michelle McConkie
	John Scales	Kim Christy
	Michael Brown *	Ron Carlson
		Ric McBrier
	* Connected by telephone	LaVonne Garrison
		John Andrews
		Lisa Schneider
		Lynda Belnap

OTHERS IN ATTENDANCE

Margaret Bird, State Office of Education, University of Utah, Utah State University
Bruce G. Robinson, Symphony/Geneva
Robert C. Miller, Symphony/Geneva
David Nilsson, Prolifica
McKay Edwards, Edwards Group
Sam Robinson, Geneva Holdings
David Garbett, SUWA

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Chairman Morris called the meeting to order and welcomed Board members, Staff, and guests to the meeting. He noted many Board members were connected by telephone.

1. Discussion/Approval of Eagle Mountain Mid-Valley Project - - Master Developer

Ms. Erler reviewed this with the Board. After a lengthy process to identify a master developer for the Trust's 1000+-acre Eagle Mountain Mid-Valley parcel, the Trust is prepared to recommend a developer and transaction to the Board. The recommendation is summarized below and is followed by review of the project's history, developer selection process, and transaction highlights and economics.

Summary: The Trust has invested nine years and $5 million in the Mid-Valley parcel to prepare the property for development. The parcel is entitled for more than 3,500 units, which provides considerable flexibility to mix single-family and multi-family residential homes around the regional park and commercial area. During the past year, the Trust performed a competitive developer selection process, conducted parallel negotiations with two qualified developers, and held several discussions with the Board on timing and valuation. Staff believes that the time is right to take the Mid-Valley parcel into a development lease transaction with a master developer.

The proposed transaction is summarized in a negotiated term sheet with the following highlights:

* Master developer - Geneva-Symphony, LLC, is a partnership between an experienced Arizona master developer and a growing Utah homebuilder.

* Structure - -Hybrid development lease with a rolling option for developer to lease up to 200 acres in a phase. After the phase is developed, developer can lease the next phase.

* Investment - - Developer will invest $10 million to initiate Phase I development: (1) $1 million paid to the Trust as initial consideration, (2) $2.5 million invested in the regional park, and (3) $6.5 million invested in Phase I in-the-ground infrastructure.

* Products - - Developer will sell both improved lots at retail (minimum 60 percent) and "paper lots" in super pads (maximum 40 percent).

1. Discussion/Approval of Eagle Mountain Mid-Valley Project - Master Developer (cont'd)

* Compensation - - As land is sold, the Trust will receive: (1) finished residential lots: 30 percent of gross sales revenue; (2) paper lots: 30 percent of gross sales revenue, increasing by two percent increments to 36 percent as units are sold; and (3) commercial: 50 percent of gross sales revenue or the right to participate as a 50-percent partner in any vertical investment on the commercial parcel.

* Economics - - Pro forma value is $93 million in gross revenues with a net present value of $45 million and an internal rate of return of 13.7 percent.

Recommendation: The Staff recommends that the Board:

1. Approve the selection of the master developer, Geneva-Symphony, LLC;
2. Approve the term sheet given to the Board; and
3. Authorize the Trust to proceed with documenting and closing the transaction.

Project History: The Eagle Mountain Mid-Valley parcel is located in Utah County to the west of Utah Lake and Lake Mountain. The property lies in Eagle Mountain City ("City") between Eagle Mountain's city center and The Ranches residential development. The parcel encompasses 1,088+/- acres, which excludes 100 acres of Pony Express regional park and Historic Pony Express/Overland Trail Park that have been deeded to the City.

Planning and Entitlements: The Trust has a master plan of the property that was approved by the City as part of the Master Development Agreement ("MDA") in 2003. The MDA entitled the Mid-Valley parcel with a gross density of three units/acre or 3,564 units. This density gives the Trust and its master-developer partner considerable flexibility in laying out a residential community that blends higher-density new-urbanism principles with traditional lower-density larger lots. Such an innovative community plan will improve the values the Trust receives as the parcel is developed.

Expenditures: Over the last nine years, the Trust has invested approximately $5.1 million into the Mid-Valley parcel. As summarized below, this capital paid for planning, MDA process and entitlements, and infrastructure elements. In 2000, the Trust purchased water rights to 500 acre feet, which the Trust assigned to the City as part of the MDA. In 2003-2004, the Trust constructed two miles of Sweetwater Road through the Mid-Valley parcel, which connected The Ranches with the City's center. Also, the Trust contributed $750,000 for water system improvements that will benefit the parcel. The following summarizes the $3.45 million in impact fee credits that the Trust will receive for the infrastructure investments and 100 park acres:

1. Discussion/Approval of Eagle Mountain Mid-Valley Project - Master Developer (cont'd)

Category	Amount	Impact Fee Credit
Planning and MDA	$0.55 million	
Water rights (500 acre feet)	$1.0 million	
Water system improvements	$0.75 million	$0.75 million
Sweetwater Road (2 miles)	$1.8 million	$1.7 million
Parks (100 acres)	$1.0 million	$1.0 million
TOTAL	$5.1 Million	$3.45 Million

Process:

Request for Proposal ("RFP"): The Trust issues an RFP in February, 2006, to identify qualified master developers and suitable development proposals. The RFP was published in electronic and hard-copy forms and distributed to prospective developers by mailing list, newspaper advertising (Deseret News, Daily Herald, and Salt Lake Tribune) and posting on the Trust's website. The marketing program was detailed in a Board memo dated August 31, 2006.
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RFP Review: Following the six-week submission period, the Trust received two purchase offers and four development proposals in early April. The purchase offers were significantly below appraised value and were declined. The Trust assembled a five-person team to review the proposals and developer qualifications. During the review process, one developer withdrew its proposal to pursue another investment opportunity in Salt Lake County. The other three developers presented their proposals in person to the Trust's review team in June. Following the formal presentations, the Trust selected the two most qualified developers to enter into negotiations for a venture transaction.

Negotiations: Starting in late August, the Trust negotiated a term sheet of key transaction points with the two qualified developers. The Trust presented to each developer the same basic requirements for the project: Developer to invest a minimum of $10 million; Trust will not invest additional capital; Trust will carry the land during the development process and the land cannot be subordinated to debt while owned by the Trust; and the Trust compensation to be a percent of gross revenues.

1. Discussion/Approval of Eagle Mountain Mid-Valley Project - Master Developer (cont'd)

The two negotiations were conducted independently and in parallel. The Trust did not play the two developers against each other. The negotiations moved on separate paths, at different speeds and had different issues and outcomes, reflecting differences in developer styles and strengths. The Trust believes that it negotiated the best deal possible from each developer. The key terms of each deal were summarized in a term sheet. The Trust selected one of the two developers and the corresponding term sheet to recommend to the Board.

Board Updates: The Trust updated the Board at three Board meetings in 2006 (May, August, and September) with discussions of land values, timeliness of a transaction, and anticipated pro-forma economics. The Trust led two tours around the Eagle Mountain property in late August and early September for three Board members.

Recommended transaction: The recommended transaction is summarized in a term sheet given to the Board. The term sheet will be incorporated into a Letter of Intent between the developer and the Trust following Board approval. The term sheet will be the basis for documenting the transaction in a long-form legal agreement, a process that is expected to take two to three months.

Developer: Geneva-Symphony, LLC, has agreed to the recommended term sheet. Geneva-Symphony is a 50-50 partnership between:

* Geneva Holdings, LLC ("Geneva") - - an Arizona master developer with over 30 years of experience in diverse real estate market conditions with mater-planned communities in Arizona and California and commercial developments in Arizona and Utah.

* Symphony Development Corporation ("Symphony") - - a Utah homebuilder with almost 20 years of experience building non-production mid-priced homes along the Wasatch Front. Symphony has deliberately paced its organizational growth to not expand too fast.

Geneva and Symphony are working together on another residential project located on the south side of Traverse Mountain in Draper. Geneva brings its development experience, and Symphony brings its knowledge of the local market to the Geneva-Symphony partnership.

Vision: Geneva-Symphony proposed to build a master-planning community with a distinct identity that incorporates a number of new-urbanism features including a mix of housing products in each neighborhood, landscaped common areas, and walking paths and open spaces

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that connect neighborhoods with the regional park. Geneva-Symphony envisions the regional park and neighboring civic buildings, middle/high school, and commercial center as the hub of the City. Having the City hub located on the Mid-Valley parcel will increase Mid-Valley values. Geneva-Symphony's residential vision is enhanced by Geneva's market segmentation experience in California to tailor lot sizes and housing products for a range of prices and by Symphony's sensitivity to quality building.

Lease Structure: The proposed transaction is a hybridized development lease. The development lease will be structured as a rolling option where the developer leases up to 200 acres of the parcel for a five-year term and nominal compensation while retaining the "right" to develop the remainder of the parcel. Guidelines control the developer's ability to exercise the next option and reset the five-year term clock while the currently leased portion of land is being developed. The rolling option allows the developer to minimize the leased land subject to property tax and increases the Trust's legal comfort if the developer files for bankruptcy. As in the Trust's other development leases, the developer may not subordinate trust land to debt until after the Trust sells the land to the developer or, in the case of commercial land, the Trust assigns the land to a sole-purpose, limited-liability company to develop that commercial property.

Investment: The developer has agreed to a minimum capital investment of $10 million to initiate development of the parcel. The developer must invest $6.5 million in Phase I in-the-ground infrastructure within the first 36 months, which will set the tone for the project. Also, the developer will invest $2.5 million within the first 24 months in the regional park to create a significant community amenity and increase the value of the adjoining Mid-Valley parcel. The developer plans to leverage its $2.5 million investment with City funds, which would further increase the regional park improvements. Finally, the developer will pay $1 million to the Trust by the effective date (the date that the developer has formed its capital, made the required cash deposits, and is no more than 180 days from the date the full agreement is executed) as initial consideration for the benefits of the MDA, entitlements, 500 acre fee of water, and the Trust's other capital expenditures.

Paper Lots: The transaction contemplates the developer selling both improved lots at retail (minimum 60 percent of units) and "paper lots" in super pads (maximum 40 percent of units). Paper lots typically are platted, approved by the City, and sold to builders before in-tract lot improvements are installed. Non-retail sales are typically at lower prices, but allow builders to be more efficient in constructing houses. Geneva has considerable experience with non-retail sales and has developed a comprehensive procedure and set of documents to control how

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homebuilders execute. The term sheet requires Geneva-Symphony to use similar procedures and control documents to manage the homebuilders. The term sheet also limits the number of non-retail units that can be sold each year while allowing Geneva-Symphony to establish a critical mass of activity from five+/- homebuilders. The long-form agreement will limit the number of paper lot sales and require that paper lots be built on immediately and not held for speculation.

Compensation: The Trust negotiated a reasonably simple compensation program for the property. As land is sold, the Trust will receive:

* Finished residential lots: 30 percent of the gross sales revenue
* Non-retail sales: 30 percent of the gross sales revenue, increasing by two percent increments to a maximum of 36 percent as units are sold.
* Antelope Bench: 44 percent of gross sales revenue for any lots sold on the approved preliminary plat.
* Commercial: 50 percent of gross sales revenue if a commercial parcel is sold or the right to participate as a 50 percent partner in any vertical investment on the commercial parcel.
* Church and school sites: 50 percent of gross sales revenue.
* Other land: $1,000 per acre for any other land, including roads, sidewalks, neighborhood parks, and other common areas. The trust estmates this is 15-20 percent of the total land.

Sales to Symphony's homebuilding entity will be at transparent market prices that the Trust can verify. While both Symphony and Geneva have agreed to this conceptual requirement, the actual mechanism to ensure transparent sales will be detailed in the long-form agreement.

Absorption: Geneva-Symphony and the Trust agree that the Mid-Valley parcel will take 10-15 years to fully develop. The Trust and Geneva-Symphony independently developed 11-year pro-forma absorption schedules. As the project develops, the actual absorption will differ and is likely to reflect one or more market cycles. Absorption can be controlled by lots prices, with higher prices slowing down sales and lower prices increasing sales. The term sheet aligns the developer's and the Trust's interests so that there is general agreement on how to maximize value from the property.

The term sheet incorporates three checks to prevent liquidation of the property. The rolling option limits the amount of land to 200 acres that the developer can develop and sell in one phase. The developer has agreed conceptually to control mechanisms that allow the Trust to object to unreasonable prices (too low) or sales rates (too fast) with the actual controls to be detailed in the long-form agreement. Finally, quarterly meetings will enable the Trust and developer to review the project's progress and to discuss the developer's plans.

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Pony Express Parcel: The 150-acre Pony Express parcel was entitled with the Mid-Valley parcel in the MDA. The Pony Express parcel was included in the RFP and initial developer proposals. At the Board's suggestion, the Trust removed the Pony Express parcel from the recommended term sheet and proposed transaction for the Mid-Valley parcel. The Trust anticipates holding the Pony Express parcel off the market until the Mid-Valley development is well established or completed.

Economics:

Appraisal: The Trust had the Mid-Valley and Pony Express parcels appraised in March, 2006, during the RFP process. The appraisal valued the Mid-Valley parcel at $39 million on a pro-rata acreage basis. The appraiser noted that the parcel needs to be exposed to the market for 12 months to realize the appraised value of the large acreage. The appraised value was used as the base property value in the pro-forma economics.

Targeted Economics: In September, the Trust presented the Board with a targeted value for the hypothetical master-development transaction of $85 million in gross revenue, with a net present value of $42 million (discounted at 9.45 percent). The hypothetical transaction included a number of assumptions for terms that changed in the proposed transaction.

Achieved Economics: The pro-forma for the proposed transaction shows a pro-forma value of $95 million in gross revenues with a net present value of $45 million at 9.45 percent discount rate and an internal rate of return of 13.7 percent. The initial lot value and sales rate assumptions are reasonably conservative based on current market activity in Eagle Mountain, which recently experienced dramatic increases in prices and sales. Since these increases may not be sustainable, it is prudent to be conservative. The pro-forma economics are shown in the table below, along with the target economics and several sensitivities.

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Commercial values are understated in the pro-forma. The pro-forma assumptions include one-time pad sales and present-day prices. In realty, the Trust will generate long-term revenues from ground leases and/or vertical participation in future commercial transactions.

Scenario	IRR	Gross Revenue	NPV-9.45%
Target Economics	10.4%	$85M	$42M
Proposed Transaction	13.7%	$93M	$45M
Prices increased by 10%	14.8%	$98M	$48M
Faster Absorption	16.3%	$81M	$47M
Slower Absorption	$11.7%	$109M	$43M

Risks: The key risk factors are price and absorption. The pro-forma price assumption is conservative based on current market data. As a test of upside potential, if base prices increased by 10 percent, the Trust would gain an additional $3 million in net present value. The pro-forma absorption assumption of an 11-year project is moderately conservative. Upside and downside tests of this assumption use eight-year and 15-year absorption profiles, with a $2 million impact on net present value. As the Mid-Valley parcel is developed, prudent pricing will drive the absorption rate.

Transaction Timing: It is premature for the Trust to sell the Mid-Valley parcel; however, the Trust believes it is the right time to enter into a development lease transaction with a developer-partner to prepare the parcel for a master-planned community. There are four timing issues that support the Trust's belief that the time is right for a development transaction:

* *Water* is the critical timing issue. The Trust has 500 acre feet of water that is sufficient for about 20 percent of the project's entitled units. Further development must wait until the project can acquire additional water from the City. The City has a unique opportunity to acquire 10,000+/- acre feet of Geneva Steel water recently purchased by the Central Utah Water Board. The Water Board has started designing a pipeline to carry the Geneva Steel water to the Eagle Mountain-Saratoga Springs area. The City needs financial commitments from developers to proceed with this one-time opportunity to acquire significant new water. The City also needs a strong developer to guide it through a successful water acquisition since there are a number of other municipalities in southern Salt Lake County and northern Utah County competing for some of the Geneva Steel water.

<u>1.</u> <u>Discussion/Approval of Eagle Mountain Mid-Valley Project - Master Developer (cont'd)</u>

* *The City hub* should be located on the Mid-Valley parcel, which connects the two developed residential areas in the City. By moving forward now with a developer, the Trust can control the location of the City hub. If the Trust waits, others will develop the City's main commercial area, decreasing the Trust's opportunity to create a City hub that would maximize residential values around the regional park, civic buildings, and commercial land.

* *Transportation* is a growing concern for northwest Utah County. Utah Department of Transportation ("UDOT") has made access from Eagle Mountain-Saratoga Springs to the Wasatch Front a top priority. UDOT has purchased rights of way for arterial roads connecting Eagle Mountain-Saratoga Springs to I-15 and plans to upgrade or construct the arterials in the next five years prior to the I-15 reconstruction in Utah County. UDOT is working also on a longer-term solution, the Mountain View Corridor, to connect Legacy Highway (5600 West) in Salt Lake County with I-15 in the Lehi-American Fork area.

* The latest *real estate market cycle* appears to have crested in northern Utah. The dip in a market cycle is the prudent time to prepare a development to take advantage of the next upswing in the market cycle. Initiating detailed design and engineering work and constructing backbone infrastructure over the next few years will position the Mid-Valley project to participate successfully in the next one or two market cycles.

The opportunity to acquire additional water and to locate the City hub on the Mid-Valley parcel are the most important reasons to move forward now with a development transaction on the parcel. The Trust should wait to develop its other lands in the Eagle Mountain area until the Mid-Valley parcel is established or built out.

Conclusion: After a lengthy process to identify a master developer and negotiate a term sheet for a development transaction on the Trust's Mid-Valley parcel, the Trust recommends that the Board:

1. Approve the selection of the master developer, Geneva-Symphony, LLC;
2. Approve the term sheet sent to the Board; and
3. Authorize the Trust to proceed with documenting and closing the transaction.

1. Discussion/Approval of Eagle Mountain Mid-Valley Project - Master Developer (cont'd)

Ms. Erler introduced McKay Edwards to the Board and asked him to comment. Mr. Edwards stated he has been the project manager and has assisted Ms. Erler with these negotiations. He stated the concept of capturing the hub is, in his opinion, viable. They are working hard to make sure everything is being done right; i.e., the roads, etc. Some homes are going for $400,000 - $500,000. Those homeowners want to make sure there is a real city there. He thinks there is value that could be lost if we let the City "grow up around us" and just leave the trust land as open space.

Mr. Morris stated he attended a meeting a short time ago with some Staff to try to understand who the developers are and what the process was. He complimented Staff on the process that has been used. He thinks this is a good model to use without offending the losing bidder. His biggest concern is that Symphony has a homebuilding arm. He wants to make sure that, if lots and pads for homes are sold to Symphony, they be an arm's-length transaction, that they not be in the market too much at one time, and that we would be able to reject offers by the Symphony home arm as necessary. The Trust will look for these kind of controls in the final agreement, but he doesn't understand what type of controls this will be.

Ms. Erler introduced representatives in attendance from Geneva-Symphony and also a representative from the non-prevailing candidate.

Mr. Lee asked how Staff came up with an 11-year absorption? Ms. Erler stated this was primarily developed by an appraiser that appraised the project back in the Spring when we first went out with the RFP. We had asked the appraiser to give us a scenario of what absorption would be in Eagle Mountain. He gave us an aggressive (eight year), moderate (11 year) and conservative (15 year). We took the moderate, which we felt was a valid descriptor of the market right now. This is how we developed the 11-year time frame. The developer felt this was a conservative absorption as well.

Mr. Lee stated this is listed as a key risk factor. He thinks another one is the availability of water. Although we have 500 acre feet, that will not be enough for the project. Do we have any idea of how far along the other water is? Ms. Erler stated Eagle Mountain City has worked out a lease agreement with the Central Utah Project that they will receive some portion of that water. The Central Utah Water Project is now working on a proposal that will deliver the water to the Point of the Mountain area. Even though legal documents have not been signed for this water, it is moving forward to have water in the area. This is a risk. Staff noted that their discussion of risk had been mostly centered around economic risks.

1. Discussion/Approval of Eagle Mountain Mid-Valley Project - Master Developer (cont'd)

Ms. Erler noted Staff is working hard to develop language to ensure that sales with the homebuilding arm are done at fair-market value.

Mr. Ferry stated he is a little worried about the agreement with the CUP water and how "loose" the agreement is. Mr. Edwards stated his (and Staff's) understanding is that the CUP Board has authorized staff to move ahead with engineering and legal agreements for the distribution of the Geneva water. This water will go to other cities in this area. There is competition for this water. CUP is a very conservative board and moves very slowly, but our understanding is that they have decided to do this; and things are being worked out for it. The transmission line will go through Lindon into the Eagle Mountain area. The tank may continue to be owned by CUP, but the water distributed to Eagle Mountain. It is not a done deal, but is being worked on very hard. Geneva-Symphony has a very capable liaison with the City on these types of issues. He has done the homework on this, and we feel the City needs some guidance from a strong partner in this area to make sure they make the right moves in going forward with this. In terms of the developers, we understand CUP will have a take-or-pay contract to make this work. There will be dates certain of how and where cities will have to pay whether they are using their portion or not. The City needs to have a strong development partner to step up because they don't have the funding. One of the most important pieces of Eagle Mountain is for us and our partner to step up and assist the City in getting this done.

Lee / Brown. Unanimously approved.

> "I move we accept the recommendation given by the Staff to approve the selection of the master developer, Geneva-Symphony, LLC., to approve the term sheet, and to authorize the Trust to proceed with documenting and closing this transaction and that the Board has an opportunity to sign off on the actual transaction by the review of the documents."

Roll Call:

Mr. Lee - - yes	Mr. Scales - - yes
Mr. McKeachnie - - yes	Mr. Brown - - yes
Mr. Ferry - - yes	Mr. Morris - - yes

1. Discussion/Approval of Eagle Mountain Mid-Valley Project - Master Developer (cont'd)

Mr. Lee asked if Staff was going to get outside counsel to prepare these documents? Ms. Erler stated we are. Chairman Morris noted Staff can just circulate the documents for the Board's review. If no comments are received after a given date, silence will mean consent. Ms. Erler stated it will probably take two or three months for preparation. Chairman Morris noted that Staff understands what he is looking for in terms of the controls.

Ms. Bird asked that a couple of issues be addressed in the document. She is interested in knowing who controls the pace of this transaction and to what degree Trust Lands has a say in the pace. Since the take-downs are up to 200 acres, she asked if the document will make it clear when the take-downs are less than 200 acres and who controls this? Ms. Erler stated it will. It was asked who the outside counsel will be? Ms. Erler stated it will be Brian Hulse with Snell Wilmer. He has worked with us before on these types of documents. Mr. McBrier stated Mr. Hulse is highly trained in this type of work.

It was noted that Chairman Morris and Mr. Lee would like to see the draft before it is in final form. The Board would like to review this again in four months if this is not done before then.

Other Issues

Director Carter indicated he had some other issues to discuss with the Board.

Personnel Issues:

Director Carter noted we have received the final report from Fox Lawson and Associates on the compensation study. We will get each Board member a copy of it.

The Search Committee has met to discuss filling Mr. McBrier's position. We have put together a job description. We will e-mail it to the Board and ask that Board members distribute this to anyone they think might feel is qualified. We are looking at getting this out to some of our development partners, beneficiaries, some former Board members, etc. We will be running an ad in the Wall Street Journal around the first part of January. We want to have a deadline of around the latter part of January for applications. We will also have information on our website.

Other Issues (cont'd)

Governor's Budget / Tabby Mountain

Director Carter noted that the Governor's budget came out last week. For Trust Lands, they have recommended pretty much what we asked for with the exception of our request for video conferencing equipment and also monies for relocation of two offices. We will be able to cover some of these expenses in our existing budget. We thought at one time we would be able to acquire more space on the sixth floor of our building. We had the money in for that and then took it out because AT&T was not going to move. They are now moving, but the money was not built into our budget. We will approach the committee to see if it can be included so that we can do the necessary remodeling.

The Governor's budget is requesting $20 million from General Fund monies and $20 million from "other" funds in the State Parks and Recreation budget for the purchase of Tabby Mountain. We are not sure where that is going to go. The beneficiaries don't think now is the time to liquidate these holdings. Ms. Bird stated they will be working with the legislature and others on this issue. Mr. Lee asked the beneficiaries why they are against this? Ms. Bird stated there are a number of reasons. The projections they have received are not very good regarding the market value of our investments. Moving a land asset to a market asset does not feel like the right time since it is such a large property. They believe the wrong hands are on the steering wheel and that this Board makes the decision to sell the property and then other agencies are able to participate. They don't think it is appropriate for outside parties to say now is the time to sell. They think this is like the first hundred years where the buyers picked the time to sell. She stated that she understands from Representative Snow that they are experiencing a 14 percent increase in the market in that area of the state, so the Tabby Mountain market is going up. She also believe that, based on the growth of the Salt Lake Valley, we should be able to receive better values on this property. They believe there might be excellent commercial value in the area also. She noted they also believe that we are still not in possession of information regarding how many competing pieces there are in the 48 states comparable to this property. It is a question of timing. The Board may decide to hold some of it and just develop part of it. She has personal experience that shows this type of property increases very much. This is what happens when a metropolitan area grows fast. She wants the Board and Staff to consider not monetizing it at this point. Mr. Lee stated he hopes the beneficiaries can indemnify the Board when they can't fulfill their trust duties. Ms. Bird stated she thinks the Board always can set aside a property in order to get greater value in the future. The State Board of Education has taken this position and a number of legislators are against selling it.

Other Issues (cont'd)

Governor's Budget / Tabby Mountain (cont'd)

Mr. Brown asked why the appropriation of funds necessitated a sale? Director Carter stated it does not necessitate a sale. It only enables State Parks and Recreation to come forth and state that they would like to buy the property. The legislature has, in the past, forced lease transactions that were not in our best interest. He thinks the legislature would just appropriate the money and not mandate a lease or sale. We need to be in a position to have intelligent discussion on this, and we have invited the person that did the appraisal on Tabby to see what we need to do to get an update on the appraisal. We are also looking at some out-of-state appraisers who deal with premium properties. We will probably be asked what the price will be for Tabby. The meeting with the appraiser is tomorrow at 10:30 if anyone is interested in attending. Chairman Morris stated he does not want us to engage the appraiser to do an update yet. There is always a disconnect between appraised values and market value. He is concerned that it gives us a number and then the number is hard to argue with if an all-cash offer is made. The value of this property is what the market is willing to pay in an auction scenario. We have to be very careful as to how we couch value. What have we been achieving in auctions above appraisal? It is about 145 - 155 percent above appraisal. The price we would have in a file is a minimum that we would sell it for at auction.

Chairman Morris indicated he thinks the Board has already made a decision because of many of the factors Ms. Bird has cited. We don't know what the value is, but we believe it is getting better every day. He doesn't think discussions should be had with the state with regard to what the value is. Director Carter stated he didn't think that was the understanding. If that is the Board's position, we need to make it clear. He understands that we were not marketing Tabby; but, if offers came in, we should entertain them; and the Board would look at them. Mr. Ferry stated he thinks this is the Board's policy on about any of our properties. He thinks the political pressures for the Board is to cave if the money is appropriated.

Mr. Lee stated he would like to suggest that Tabby Mountain be on the agenda in January to clarify our understanding of the Board's position on Tabby.

Upon motion by Mr. Brown, the Board adjourned at 9:21 a.m.